



KAM
KENYA ASSOCIATION
OF MANUFACTURERS
Driving Global Competitiveness

60+
Years
OF ADDING VALUE

GROWTH & GAINS

Great Strides Together

2022

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OUR STORY

We are the representative body of manufacturing and value-add industries in Kenya. Established in 1959, we have evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.



VALUES



STRATEGIC GOALS

Position KAM as a thought leader in the manufacturing sector



MEMBERSHIP

KAM Membership is structured in three categories:



Ordinary Membership

This category is extended to companies that are directly involved in processing, manufacturing or any other value addition activities.

MSME Membership

MSME Membership is a subcategory of Ordinary Members that targets Micro, Small & Medium Enterprises manufacturing value add Industries.

Associate/Consultancy

This category is extended to firms that have direct interest in the expansion of industries, either through the provision of services or other inputs.

OUR SERVICES

KAM Advocating for you!

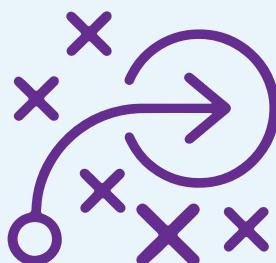
Our services geared towards Policy Advocacy include:



- Fact-based policy advocacy with Government and its agencies on various issues such as taxation, trade infrastructure, energy, illicit trade and regulations, among others
- Engagement at the county level
- Business information on trade agreements under various regimes including East African Community, Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), AGOA, African Continental Free Trade Area (AfCFTA) and Economic Partnership Agreements (EPAs)
- Technical advice on taxation and fiscal policy
- Access to regulatory and compliance requisites to set up your business
- Promotion of ethical business practices

Enhancing your competitiveness & tenacity!

Our Business Development and Competitiveness Services are tailored to build your competitiveness, productivity, resilience and support your journey to green growth.



• Promoting Market Access

KAM strengthens and scales up trade, productivity and export market development for local manufacturers through the Business Information Services Desk.

The services offered include seminars and workshops on compliance issues, trade and investment missions and productivity courses.

KAM also hosts the annual Changamka Shopping Festival that brings together local manufacturers to showcase the high quality of locally manufactured goods and sell their products to the public at discounted prices.

• Towards Green Growth and Circular Economy

Through the Centre for Green Growth and Climate Change, KAM provides a one-stop solution to deepen industry level interventions, promote a circular economy, promote climate change actions, and financial linkages that prioritise people and planet.

The Centre's services include resource efficiency services (energy, water & wastewater audits, waste, and circular economy resource mapping), capacity building and green financing. We also provide technology and financial linkages to enable members to implement the recommendations from assessments.

The Association also runs energy efficiency and conservation programs through the Centre for Energy Efficiency and Conservation (CEEC). The programs are designed to help companies identify energy wastage, determine saving potential and give recommendations on measures to be implemented.

The Centre's key products are energy audits, specialized training, certification services and the annual Energy Management Awards that recognize and award the best performing industries in energy efficiency and conservation.

• Securing the Future of Work

[Manufacturing Academy](#): The Manufacturing Academy provides technical and/or specialised and management training and services drive competitiveness in local industry.

[Technical, Vocation Education and Training \(TVET\) program](#): KAM's TVET program, run in partnership with German Development Corporation (GIZ) enhances access to technical and vocational jobs as well as economic opportunities for the youth in Kenya, through skills and entrepreneurship development.

The program offers internship opportunities, competence-based education and training and work-readiness training for technical courses graduates in the country.

• Scaling up SMEs

Through our Manufacturing SME Hub, we address challenges affecting SMEs in the country, including unfriendly policies and regulatory regime, tedious and lengthy process in quality standards and certifications, access to markets, access to affordable finance and poor governance structures.

The Hub fosters the development of a flourishing entrepreneurial culture and competitive small and medium manufacturers in Kenya and in the region.

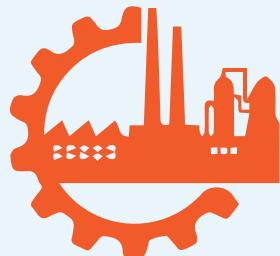
Services offered through the Hub include:

- Business advisory services
- Tailored technical, operational and management trainings
- Access to finance through business planning, financial literacy programmes and linkages to financiers
- Access to markets through value chain linkages, trade missions and expos, export market linkages, trade related seminars and conferences.

Creating a path for women into unchartered manufacturing territories

Through our Women in Manufacturing (WIM) Programme, we provide a platform for women to network, be mentored and to improve their competitiveness and access local, regional and global markets.

Initiatives geared towards supporting women in manufacturing include:



- The annual Women in Manufacturing (WIM) Gala Dinner to celebrate and recognize women's role in manufacturing.
- Linkages with successful women industrialists across the continent and in the world.
- Market linkages locally, regionally and globally.
- Exchange programs to enhance the quality of women in manufacturing products to ensure their inclusion into regional and global supply chains.
- Advocacy for policies and instruments from relevant institutions to enable women to access regional and global markets.
- Capacity building and mentorship programs to equip women in manufacturing with the relevant skills and knowledge to grow their businesses.
- Mentoring young women to take up and soar in Science, Technology, Arts and Mathematics (STEAM) courses to take up more manufacturing-related jobs.



MESSAGE FROM KAM CHIEF EXECUTIVE

Dear Member,

Welcome to the Kenya Association of Manufacturers (KAM) Growth and Gains: Great Strides Together report for 2022.

The report sheds light on the progress made in our initiatives on policy advocacy, business competitiveness and social impact in the past year.

Despite the slowdown of activities in the year due to the General Elections, we have recorded milestones for you. These include the launch of the Manufacturing Manifesto and subsequent engagements with political leaders ahead of the elections and the new government. We have engaged the President and Deputy President on driving manufacturing growth in line with Government's manifesto. During our engagement with the President, we jointly agreed on an ambitious vision to increase manufacturing sector contribution to Gross Domestic Product (GDP) from the current 7.2% to 20% by the year 2030. This is an ambitious plan to grow three times and we are positive that with your contribution and the partnership we have with the Government, we can achieve this. We also hosted successful Changamka Shopping Festival in Nairobi, Mombasa, and for the first time, Kisumu.

We are proud of you, our members, for your unwavering commitment to driving the country's industrialization agenda and supporting communities. We shall continue to strive to give you world-class services to steer you towards global competitiveness.

On behalf of my colleagues at the Secretariat, I invite you to look at the strides we have made this year and join us in celebrating these achievements with us.

Happy Holidays!

Anthony Mwangi
Chief Executive



MESSAGE FROM KAM CHAIRMAN



2022 has been a profound year that continued to test our resilience as a nation. As we kicked off the year, our focus was on rebuilding our economy following the effects of the COVID-19 pandemic. However, we had to contend with the Ukraine-Russia conflict that led to the disruption of global supply chains and the 2022 General Elections.

Nevertheless, we remain steadfast in realizing our vision to drive the competitiveness and productivity of local industry. Our focus, as an Association, remains on you, our members. We strive to provide you with exemplary services to enable you to operate in a conducive business environment and steer you to profitability and sustainability.

KAM continued to spearhead major policy gains for the manufacturing sector. We launched the 2022 Manufacturing Priority Agenda (MPA) to guide our advocacy towards revitalizing the manufacturing sector during an electioneering year and following the effects of the pandemic. Whilst the electioneering period and transition process slowed down our engagements, we

have realized some accomplishments in the year. This includes the adoption of KAM proposals in the national and EAC budgets, signing of the Sustainable Waste Management Bill into an Act, and drafting of the National Tax Policy, among others.

We also launched the Manufacturing Manifesto that guided our engagements with political aspirants, at national and county levels, where we called upon them to centre manufacturing in their development manifestos. This was geared towards driving manufacturing competitiveness and empowering citizens economically. Similarly, we continued to call for credible and peaceful elections through the placement of adequate measures and preparation for a free and fair contest.

Following the General Elections, the Association has continued to engage the newly elected leaders at both levels of government on the need to centre manufacturing in development plans. In line with this, we have met with the President and Commander in Chief of the Defence Forces, His Excellency Dr William Ruto and the Deputy President, His Excellency Mr Rigathi Gachagua, Cabinet Secretaries, Governors and Deputy Governors on the Kenya Manufacturing 20by30 Plan that seeks to drive the manufacturing sector contribution to GDP to 15% by 2030.

Furthermore, through your kindness and generosity, the Association raised Kes. 104 million, through the KAM Humanitarian Initiative, to support Kenyans in Arid and Semi-Arid counties affected by drought and famine. This is remarkable and profound, and could not have been possible without you. Asante sana! This Initiative is part of the Association's Environment, Social and Governance (ESG) arm – uKAMilifu.

We remain committed to inculcating critical tenets of sustainability and a circular economy in manufacturing operations. We collaborated with Kenya Forest Service to rehabilitate 10,000 hectares of degraded forest areas across the country as part of our efforts to accelerate the achievement of the 10% national tree cover goal. This is also in line with the Forestry Business Sustainable Action Plan report that we launched in 2021, which seeks to guide the growth of the Forestry Sector whilst increasing Kenya's forest cover.

Furthermore, we continued to deepen our initiatives geared towards increasing the participation of women and youth in the manufacturing sector. We also developed programmes geared towards driving the growth of Manufacturing SMEs by including them in the value chain, enhancing market access and capacity-building. This is because we recognize their role in the country's economy.

Looking ahead, we must reposition ourselves on the global map as a competitive and capable industrial centre for the region and the globe. The first step towards this is prioritising manufacturing in the country's development plans. We have kicked this off through our engagements with the national and country governments driven under KAM sectors and regions. We urge you to participate in the sector deep dives and regional meetings on the various matters impacting your business.

Next year, our advocacy will focus on global competitiveness, export-led growth, and industrialized agriculture and SME development. This is all geared towards realizing the Kenya Manufacturing 20by30 Plan whilst enhancing the capacity of local industries to grow and flourish. Being a member-centric organization, we shall focus on fine-tuning the provisions of our services to meet your specific needs, thereby enabling you to build your capacity to be globally competitive. My thanks to the Board of Directors, Region and Sector Leadership, Members of various committees, and our indomitable Secretariat that have all contributed immensely to the achievements of the year. The National Government, Counties, regulators and government agencies and implementers continue to give us an audience, exchange ideas and jointly work on resolving our issues for which we thank them.

To our partners and stakeholders, we appreciate your support and for believing in our vision for a competitive and sustainable manufacturing sector. Much appreciation to the Danish Government, Confederation of Danish Industry (DI) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ).

However, most of all, a big thanks to you, a Member of KAM, for your continued support and belief in the Association. We will continue to raise the bar in being the voice of industry, as we focus on rebuilding our nation, to increase and sustain investments in the manufacturing sector, and ultimately, create productive jobs and wealth for Mwananchi.

Thank you.

Rajan Shah
KAM CHAIRMAN



**CELEBRATING
LOCAL INDUSTRIES**

CELEBRATING LOCAL INDUSTRIES

The Association hosted Changamka Kenya Shopping Festival in Mombasa, Nairobi and Kisumu. It attracted over 200 exhibitors and over 800,000 visitors.

The Festival celebrated the ingenuity of local industries and created awareness of the diverse, high-quality, and unique products that local industries produce.

It also consisted of a three-day conference that featured the 8th Clean Energy Expo & CEO's Forum and KAM Job Summit in Nairobi.



Changamka Festival Mombasa



Changamka Festival Mombasa



KAM Job Summit



Clean Energy Conference & Expo





POLICY
ADVOCACY REPORT

KAM launches 2022 Manufacturing Priority Agenda

This year's Manufacturing Priority Agenda (MPA), themed Manufacturing sector recovery and sustained growth for Kenya's shared prosperity, called for government interventions to revitalize the manufacturing sector during an electioneering year and following the effects of the COVID-19 pandemic.

The agenda was driven under five main pillars namely, competitiveness and level playing field for local manufacturers, enhanced market access, pro-industry policy and institutional framework, SME Development, and industrial sustainability and resilience.

Over 40 per cent of the MPA proposals have been taken up by government ministries, departments, and agencies for implementation. The low take up can be attributed to the electioneering period which brought about challenges in advocacy and engagements due to transition process.

The notable achievements include:

Manufacturing Manifesto



(L-R) KAM Chair - Rajan Shah, former KAM CEO - Phyllis Wakiaga, Immediate Past KAM Chair - Mucai Kunyeha & KAM Board Director - MaryAnn Musangi during the Manufacturing Manifesto launch

The Association launched the Manufacturing Manifesto to guide political aspirants and the new government on how to transform Kenya into a country with a competitive manufacturing base that guarantees a strong economic foundation, productive jobs and purchasing power for citizens.

The Manifesto highlights key areas, which if looked into shall drive prosperity and empower citizens economically. These include macroeconomic issues, raising the export intensity of manufacturing, reducing the regulatory burden, raising investment for industry, providing public goods for manufacturing, driving counties' industrial competitiveness, effective and pro-industry taxation structure and fully implementing existing manufacturing-centric policies.

Presidential & gubernatorial debates

In line with this, the Association partnered with Debates Media Limited to support the overall organization of the 2022 Presidential Debates, held in July 2022. The debates, broadcasted live on 8 TV stations and over 30 radio stations, provided a platform for the presidential and deputy presidential candidates to clarify their priorities, public policies, ideas, and development aspects key to Kenyans.

During the year, KAM was also tasked in overseeing localized political debates at county level, following the organization's appointment as Vice Chair of the technical working committee tasked with this agenda.

The 15-member committee, put in place by the former Cabinet Secretary for ICT, Innovation and Youths Affairs, was chaired by Journalists for Human Rights with Media Council of Kenya being the secretariat. The political debates were held in 24 counties with the most contested political seats in the 2022 general elections.

Meeting with H. E. President Dr William Ruto



KAM leadership led by immediate past KAM Chair, Muai Kuniha engages Kenya Kwanza Alliance leaders meet led by H.E. the President of Kenya, Dr William Ruto & Deputy President, Rigathi Gachagua

As part of the agenda to engage political leaders, KAM met the Kenya Kwanza Alliance team, led by the President of the Republic of Kenya, Dr William Ruto in his capacity as Kenya Kwanza Alliance leader, on the Manufacturing Manifesto.

Speaking during the meeting, H.E the President committed to put in place programmes and initiatives to increase the competitiveness of local industry, if elected.

The Association has since engaged the President following his election, where it presented the Manufacturing 20 by 30 Plan. The Plan, developed in partnership with the Ministry of Trade, Investments and Industry, seeks to increase manufacturing sector contribution to GDP to 20% by 2030.

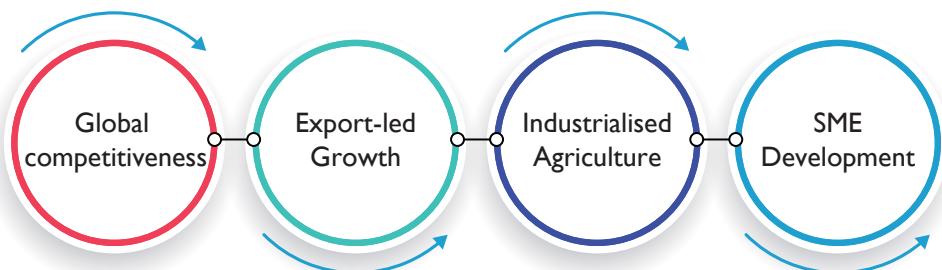




HE the President of the Republic of Kenya, Dr William Ruto speaking at the Manufacturing 20 by 30 Summit

KAM Key Focus Areas

KAM has outlined four key focus areas to help the manufacturing sector realize this plan.



Global competitiveness: When we speak of the country's competitiveness, we are looking at our ability to sustainably produce goods and services for which there is a market - at a price and quality that the market is willing to pay for. Importantly, we no longer talk about local competitiveness, but global competitiveness because not only should we be able to sell our products in the domestic markets more competitively than imported products, but at the same time be able to compete in the export markets globally.

Export-led Growth: Manufacturing sector growth will not be achieved by solely relying on domestic markets. This calls on Kenya to leverage on products where we have a comparative advantage to grow our exports, not only within the EAC and the AfCFTA, but also internationally. It is also crucial that, as a nation, we find ways to fully take advantage of existing trade agreements such as AGOA, EU EPA amongst many others.

Industrialised Agriculture: When starting with agriculture, we should have the end in mind, meaning what markets will it serve, at what cost and of which quality. This is why the linkage between agriculture and industry is very crucial. We have taken a step further to find solutions that would enhance Kenya's food security through increased productivity and higher value addition and exports.

SME Development: SMEs have continued to demonstrate their ingenuity and capacity to meet the country's needs over the years. We will continue to engage the government to address regulatory and tax concerns affecting the competitiveness and productivity of SMEs. We will also advocate the government to provide SMEs with incentives to enhance their capacity to venture into local, regional, and international markets.

KAM inducts new Governors, Deputy Governors and CEC Members

KAM participated in the induction forum of new Governors and Deputy Governors where we outlined issues related to county fees, levies and charges. The Association implored incoming county governments to promote local industries through the Buy Kenya Build Kenya strategy.

The Association also participated in the induction workshop of County Executive Committee Members (CECM) in charge of Trade, Industry, Manufacturing Cooperatives and Enterprise Development. KAM highlighted the need for county governments to facilitate and promote manufacturing growth at the county level. This is by developing manufacturing centric plans and ensuring that the cost of doing business is eased for Kenya to become globally competitive.

In addition to engaging the new governors, deputy governors and CECM, KAM supported the development of the Induction Manual to facilitate the process to standardise the implementation of the induction programmes.

KAM engages new county governments

KAM has held one-on-one engagements with new county governments with a focus on manufacturing centric counties where majority of KAM members are based. These are Mombasa, Kilifi, Machakos, Kajiado, Nairobi, Nakuru, Uasin Gishu and Kisumu.

Subsequent to the engagement, Nairobi County announced the introduction of the New Unified Business permit, which consolidates various permits needed to start and operate a business in the County into one permit. The permits include single business permit, fire clearance certificate, advertising signage, health certificate and food hygiene among others. Furthermore, the business applications shall be done online.

Additionally, on 8 December 2022, KAM signed a Framework of Cooperation with Mombasa County Government. Under the partnership, Mombasa County shall offer KAM Members operating in the County preferential competitive rates of fees, levies, and charges under the Finance Act of 2022/2023.

Sector deep dive engagements



Cabinet Secretary, Ministry of Trade, Investments and Industry, Moses Kuria engages KAM Textiles and Apparels Sector Members during Sector Deep Dives



As part of our initiatives to realize the Manufacturing 20 by 30 Plan, KAM, in partnership with the Ministry of Trade, Investments and Industry, kicked off manufacturing sector deep dive engagements for the 13 manufacturing sectors under the Association.

Specifically, the engagements sought to outline the opportunities and solutions to barriers hindering the growth of the sectors. This is to accelerate Kenya's growth under the government, to realize 20% contribution to GDP by 2030, create an extra million jobs and enhance value added output from the current USD 8.5B to USD 50B within the same time period.

The Association and the Ministry have so far held deep dive engagements with Textile and Apparel, Leather and footwear and Paper and Paperboard sectors.

15% reduction in power tariff

The government implemented a 15% reduction in power tariffs in the country in February 2022. This saw manufacturers enjoy a cost reduction of between KES 2.84 - 3.81 per unit of electricity, depending on their respective tariff and consumption levels.

The reduction has cushioned manufacturers, to some extent, from an already constrained supply chain due to the COVID pandemic, compounded by the Ukraine – Russia conflict which saw the prices of petroleum products, steel inputs and crude palm oil, among other products, go up exponentially. This supported manufacturers to offset the increasing cost of production, otherwise, the cost of locally made goods would have gone up in tandem, as is being witnessed elsewhere in the world.

National budget 2022/2023

The Association continued to engage the National Treasury on the 2022/2023 budget proposals. Particularly, on reducing the cost of production for manufacturers and taxes for basic commodities to lower the cost of finished goods for citizens.

In the 2022 Finance Act, the government provided budgetary allocations to support the growth of the manufacturing sector. Some of the tax measures in the Act that have an impact on the manufacturing sector include:

- ➡ Exemption of manufacturers from earnings, before interest, taxes, depreciation, and amortization (EBITDA).
- ➡ Tax deductions on donations to promote corporate social responsibility (CSR).
- ➡ 100% deduction allowance to any person where the cumulative investment value in the preceding 4 years outside Nairobi County and Mombasa County is at least KES 2B to promote more capital investments by industries.
- ➡ Recognition of manufacturers who can generate electrical energy or transform and distribute electricity off-grid and any machinery that is used for such purposes shall qualify for capital allowances.
- ➡ Locally purchased fertilizers, inputs or raw materials or those imported by manufacturers of fertilizer shall be zero-rated.
- ➡ IDF exemption for manufacturers of pharmaceutical products. Other manufacturers have a remitted rate of 1.5%.
- ➡ The Finance Act 2022 provided for RDL exemption for manufacturers of pharmaceutical products. Other manufacturers have a remitted rate of 1.5%.
- ➡ Excise exemption of local raw materials and inputs for the paint and leather manufacturing industry shall make the sector more competitive.
- ➡ Imposition of excise tax on imported furniture, white chocolate, manufactured passenger motor vehicles, among others, shall promote the local industry.

The Association has continued to engage the Ministry of Trade, Investments and Industry through the Cabinet Secretary on the key issues affecting members arising from the Finance Act 2022 and outstanding tax issues. We will further our engagements with the Ministry and the National Treasury to address the concerns raised.

10 NTBs resolved at Kenya-Tanzania bilateral trade negotiations

Ten non-trade barriers (NTBs) were resolved during the Kenya-Tanzania Bilateral Trade meeting held on in March 2022.

These include Kenya Revenue Authority (KRA) Customs cumbersome processes, delays in the clearance of goods due to scanning procedures, delays in issuance of import permits for Tanzania's dairy products (milk cream), restriction of free movement of engineers to Tanzania, and the requirement of COVID-19 vaccination certificate for Tanzanians to be allowed to travel to Kenya by air, among others.

Of the 15 pending NTBs, Kenya and Tanzania provided clear recommendations and action. In total, 52 out of 67 issues raised by Kenya and Tanzania have been resolved since June 2021.

KPA free clearance period extended to 5 days

Following continuous advocacy, Kenya Ports Authority (KPA) extended the free clearance period at the Port of Mombasa from four days to five days to cushion manufacturers among other importers from the adverse effects of COVID-19.

This was part of KAM's wider initiative that brought together Shippers Council of Eastern Africa (SCEA), Kenya International Freight and Warehousing Association (KIFWA), Kenya Transporters Association (KTA) and Kenya Ships Agents Association (KSAA) to ensure steady and seamless movement of containerized goods from the Port of Mombasa to Inland Container Depot – Nairobi (ICDN), and then through the Northern Corridor to neighboring countries.

EAC CET 4th band agreed at 35%

The Ministers and Cabinet Secretary of Trade & Finance in the East African Community (EAC) adopted 35% as the maximum rate for products classified under the 4th Band of the EAC Common External Tariff (CET). This was during the meeting to review the EAC CET, held in May 2022.

The Association had advocated for the 4th band for a couple years to secure progressive growth and competitiveness of the manufacturing sector. Goods attracting 35% are those that are produced in substantial volumes within the EAC region. This includes agricultural produce such as grains, potatoes, vegetables, maize, beans; manufactured goods such as edible oils, soaps, maize flour, juice, soda; and some categories of steel products such as bars and rods among others.

The reviewed EAC CET was implemented from 1st July 2022. We continue to engage the Cabinet Secretary for Trade, Investments and Industry on the key issues arising from the new EAC CET 2022.

Standards and regulatory compliance

KAM continued to sensitize members on various regulations, laws and guidelines in collaboration with various government agencies. This was through webinars, seminars, sensitization forums and circulars. The agencies include KRA, Kenya Bureau of Standards (KEBS), Anti-Counterfeit Authority (ACA) and Kenya Industrial Property Institute (KIPI).



KAM, KEPROBA sign MoU to increase export trade



KAM Chief Executive, Anthony Mwangi engages KEPROBA CEO, Dr Wilfred Marube

KAM partnered with Kenya Export Promotion and Branding Agency (KEPROBA) to increase export trade for local manufacturers and to hasten the uptake and implementation of the Made in Kenya Brand mark. This MoU is in line with the Government's SME Development Agenda.

Through the MoU, KAM and KEPROBA shall also collaborate to build the capacity of local industries to enhance their competitiveness in order to increase their export market share. Specifically, the MoU shall focus on building the capacity of SMEs, enhancing product branding initiatives, and increasing value addition and market access.

Government approves National Automotive Policy

The National Automotive Policy was accorded sessional paper I of 2022 in May 2022, which had been pending since 2018. The Policy seeks to create an enabling environment for the automotive sector to realize its full potential and position the country as a major player in the industry. It aims to improve the local automotive assembly ecosystem to expand the local market size by promoting the manufacture of local parts.

The policy provides for the legal, institutional and regulatory framework for the development of the automotive industry; supports motor vehicle and motorcycle assembling; harmonizes standards; forges collaboration mechanisms in the industry; facilitates market access for sector products and services, including access to preferences and reservation in public sector procurements; promotes innovation, research and development and technology; facilitates local component/parts manufacturing; and supports development of incentive schemes for investments and reinvestments.

Minimum tax

On 2nd December 2022, the Court of Appeal upheld the decision of the High Court, made on 20th September 2021, that declared minimum tax provisions unconstitutional and the minimum tax guidelines void. The appeal was filed by Kenya Revenue Authority (KRA). This means that the orders declaring Section 12D of the Income Tax Act unconstitutional remain in place. As such Minimum Tax is not payable in Kenya.

In 2021, KAM, together with Institute of Certified Public Accountants of Kenya (ICPAK), Kenya Flower Council (KFC) and Retail Trade Association (RETRAK) engaged relevant stakeholders in government to find an agreeable solution on minimum tax that was introduced through the Finance Act, 2021. However, we were forced to turn to the Courts, when we could not resolve this stalemate. We were represented by Anjarwalla & Khanna Advocates. Isinya East Sub-County Bar Owners Association also went to court in Machakos, on the same matter. They were represented by Okwatch and Company Advocates.

IPR recordation

The Association commemorated the World Anti-Counterfeit Day on 15th June 2022, in partnership with the Anti-Counterfeit Authority. As part of the celebrations, ACA launched the IPR Recordation System.

Intellectual Property Rights (IPRs) recordation refers to the process of submitting information regarding registered Intellectual Property Rights (trademarks, patents, utility models, industrial designs, copyrights, or any other registered intellectual property right) irrespective of their place of registration to ACA for purposes of collecting and entering an electronic database.

30% of counterfeit products found in the Kenyan market are manufactured locally while the rest (70%) of counterfeit goods found in the market emanate from imported goods from various source countries across the world, with majorly originating from the Far East countries. To address the challenge posed by the 70% of counterfeits imported into the country, the Authority has kicked off the implementation of the IPR Recordation Regulations which were gazetted in July 2021.

The IPR recordation program will guarantee consumer health and safety while protecting local manufacturing entities from cheap counterfeit imports. It will spur both domestic and foreign investments and, as a result, lead to economic growth and job creation.

Draft Cooperative (Dual) TVET Policy

KAM participated in development of the draft Cooperative (Dual) TVET policy. The policy seeks to guide stakeholders' training using the dual vocational training approach on how to deliver industry focused training, financing for C-TVET and enhance sustainability nationally and globally. The draft policy is currently undergoing public participation.



Draft National Tax Policy



(L - R) KAM Chair - Rajan Shah, Immediate past KAM Chair Mucai Kunyiha & KAM Directors - Pankaj Kumar & Mohamed Rashid participate in the draft National Tax Policy review retreat

The National Treasury published the draft National Tax policy that provides broad principles of tax administration and revenue collection in Kenya and sets parameters on tax policy and other tax matters.

The Association has been advocating for a national tax policy to address the changes made to several tax laws, almost every year through Finance Acts, to the frustration of businesses, who require policy certainty for planning purposes. The tax laws include the Income Tax Act, Customs Duty Act, VAT Act, Excise Tax Act and Miscellaneous Fees and Levies Act.

The Association has submitted its feedback to the National Treasury. We expect that once updated and implemented, the Policy will create a conducive business environment by ensuring that there is certainty and predictability of tax laws.

Implementation of the Tax Invoice Management System (TIMS)

Following the transition to the Tax Invoice Management Systems (TIMS) from the Electronic Tax Registers (ETR), KAM engaged Kenya Revenue Authority (KRA) Commissioner General, Mr Githii Mburu in July 2022 to discuss challenges facing Members on the implementation of TIMS. Some of the challenges raised include the supply of devices, registration, operations, and technical challenges.

During the meeting, KAM proposed a one-year extension of the deadline and creation of two technical committees, one to address operational issues and the other with the vendors.

The Commissioner General directed that the compliance deadline be extended until 30 September 2022, adding that the deadline could be extended further depending on the outstanding issues. Overall, the deadline was extended to 30 November 2022. Additionally, the Commissioner General directed that a technical committee involving all relevant stakeholders be created, to meet on a bi-monthly basis to address TIMS challenges received from taxpayers.

KAM partners with African Association of Automotive Manufacturers



(L-R) AAAM CEO Dave Coffey, KAM COO Tobias Alando and KAM Automotive Sector Chair Ashit Shah during the signing of KAM, AAAM MoU

The Association partnered with African Association of Automotive Manufacturers (AAAM) to drive the sustainable development and growth of the automotive industry in Kenya. This will be achieved by scaling up production, increasing trade, and driving the global competitiveness of Kenya's automotive industry.

Kenya's Automotive Industry is the most established in the region. However, it continues to face challenges, such as shortage of skilled labour force, low levels of research and development and lack of long-term financial solutions for the sector to enable investments in technology. By collaborating with AAAM, the Association shall continue to develop automotive policies geared towards positioning Kenya as a production and trade hub, integrating EAC into the value chain and providing market linkages for sector players.





CORPORATE SUSTAINABILITY

uKAMilifu

The Association is committed towards the creation of holistic solutions and in ensuring that all aspects of Environmental, Social and Governance (ESG) are incorporated in our day-to-day activities and that of our members. This is through our ESG arm, uKAMilifu.

It is driven under four main pillars, namely:



2022 initiatives under uKAMilifu include:

KAM, KFS to rehabilitate 10,000 ha of degraded forests



Former KAM Chief Executive, Phyllis Wakiaga and Kenya Forest Service Chief Conservator of Forests Julius Kamau sign MoU



Kenya Association of Manufacturers (KAM) partnered with Kenya Forest Service (KFS) to rehabilitate 10,000 hectares of degraded forest areas across the country.

The Framework of Cooperation (FOC) is part of efforts towards accelerating the achievement of the 10% national tree cover goal by 2022. Under the FoC, KAM and KFS shall support Community Forest Associations countrywide, as well as the refurbishment of tree nurseries, seedlings production, tree growing, and other activities aimed at increasing forest cover.

In line with this, the Association continued to engage its members to support this initiative. This included a webinar and a CEO's roundtable that called on members to adopt a forest, plant and nurture trees and rehabilitate degraded forests.

Manufacturers donate KSh 104m to provide relief to drought-stricken Kenyans



(L-R) KAM CEO Anthony Mwangi; Deputy President Rigathi Gachagua; KAM Vice Chair Jane Karuku; Cabinet Secretary Trade, Industrialisation and Investments Moses Kuria; KAM Chief Operating Officer Tobias Alando; Cabinet Secretary, Ministry of EAC, Arid and Semi-Arid Lands and Regional Development Mrs Rebecca Miano and KAM Chair Rajan Shah

KAM Members donated KSh 104,087,361 to support Kenyans affected by the ongoing drought in the country. This is in line with our commitment to promote shared prosperity, alleviate poverty and bridge inequality.

Data from the National Drought Management Authority showed that over 4.35 million Kenyans across 23 counties were affected. Among them, 900,000 children and 120,000 pregnant and lactating mothers require urgent nutritional support.

During a fundraising event towards this initiative, His Excellency the Deputy President, Rigathi Gachagua highlighted the need for long-term and sustainable solutions which shall enable us to mitigate such crises in future.

Partnership with Start a Library Trust partner to build libraries for public schools



(L-R) KAM CEO Anthony Mwangi and Start a Library Trust Executive Director Evelyn Mwandia during the signing ceremony

We partnered with Start a Library Trust to set up libraries for public schools in Kenya.

Under the Memorandum of Understanding (MoU), KAM and Start a Library Trust shall promote inclusive and equitable quality education and lifelong learning opportunities, through fostering a reading culture and lifelong learning among Kenyan children.

Through this partnership, KAM shall drive the realization of SDG 4 on inclusive and equitable quality education and promote lifelong learning opportunities. Additionally, we shall build an inclusive world and ultimately achieve socio-economic goals by embracing diversity.

ESG sensitization forum

KAM hosted a sensitization forum that highlighted how women in the manufacturing sector can incorporate Environment, Social and Governance (ESG) strategies into their businesses.

The session highlighted the importance of incorporating ESG into business practices and how businesses can holistically use ESG to amplify their impact in society. It also highlighted the relevance of ESG reporting as a tool for enhancing investor relations.



GREEN ECONOMY

8th Clean Energy Conference and Expo

Kenya Association of Manufacturers (KAM) hosted the 8th Clean Energy Conference and Expo during the Changamka Shopping Festival, Nairobi to deliberate on promoting the uptake of clean and renewable energy by local manufacturers.

The forum, themed Pathway to Net Zero: Climate Change and Energy Security, brought together energy and water stakeholders to discuss various topics affecting sustainability and industrial green growth.

Additionally, it provided a platform to celebrate the milestones accomplished in provision and sustaining a clean energy market in Kenya. This was achieved through the showcasing of innovations in renewable energy, water and wastewater efficiency, e-mobility, green building, clean cooking. It also linked users with various financial models in clean energy.

KAM hosts 18th Energy Management Awards



KBL Nairobi celebrates after being crowned the overall winner during the Energy Management Awards 2022

Kenya Breweries Ltd, Nairobi won the overall award of this year's Energy Management Awards (EMA).

The event, themed Strides to Net Zero, recognized over 20 companies that have achieved significant reductions in their energy consumption through the implementation of energy-efficient measures and technologies.

Energy efficiency is one of the initiatives that KAM has put in place to drive Kenya's green economy. Other initiatives include water efficiency, waste management, circular economy and Responsible Care.

The Energy Management Awards 2022 winners in various categories are:

CATEGORY	WINNER	RUNNERS-UP
1 Overall Energy Management Award	Kenya Breweries Ltd Nairobi	Unga Ltd Eldoret
2 Best Energy Management Team Award	Ngorongo Tea Factory	Mombasa Cement Factory, Athi River
3 Best New Entrant Award	Cooperative Bank LMC Karen	
4 Best Public Institution Award	Kenyatta National Hospital	
5 Service Sector Award	Crown Plaza Nairobi Airport	Cooperative Bank LMC Karen
6 Best Energy Practice and Process Improvement Award	Tata Chemicals Magadi Ltd	Isuzu Motors East Africa
7 Best Tea Sector Award	James Finlay (K) Ltd, Changana Factory	Ngorongo Tea Factory
8 Sustained High Performance Award	Mombasa Cement, Athi River	Kenya Breweries Ltd, Nairobi
9 Electrical Energy Saving Award, Large Consumer	Kenya Breweries Ltd, Nairobi	Mombasa Cement Ltd, Vipingo
10 Electrical Energy Saving Award, Medium Consumer	Unga Ltd, Eldoret	KTDA Mataara Tea Factory
11 Electrical Energy Savings Award, Small Consumer	Capwell Industries Ltd	Cooperative Bank LMC Karen
12 Best Thermal Energy Savings Award, Large Consumer	Tata Chemicals Magadi Ltd	Kenya Breweries Ltd, Nairobi
13 Best Thermal Energy Savings Award, Medium Consumer	Farmer's Choice Ltd	Allpark Industries Ltd
14 Best Thermal Energy Savings Award, Small Consumer	Wire Products Ltd	British American Tobacco, Thika
15 Renewable Energy Award	Kenya Breweries Ltd, Kisumu	Osho Chemicals
16 Water Conservation Award	Kenya Breweries Ltd, Kisumu	CCBA Nairobi Bottlers Ltd
17 County Award	Kisumu County	Meru County
18 Green Building Award	Aashiana	ALP West Logistics Park-Courtyard
19 Banking And Finance Sector Award	Kenya Commercial Bank	
20 Students Innovation Award	Solar Powered Car – The Nyeri National Polytechnic	Hand Wash Recycle Water Basin – Nuu Technical & Vocational College

KAM, Agrochemicals Association partner to manage hazardous waste

KAM signed a Memorandum of Understanding with Agrochemical Association of Kenya (AAK) to support the establishment of the Kenya Hazardous Waste Producer Responsible Organization (KEHAPRO) Initiative. This is in line with the Extended Producer Responsibility (EPR) Regulations, 2021.

Through this partnership, KAM shall support the establishment of Hazardous Products Packaging Producer Responsibility Organization, facilitate access to information and conduct advocacy and/or research affecting manufacturers in the hazardous products packaging waste management.

The MoU is one of the commitments made by KAM in the Kenya Plastic Action Plan, launched in 2019. The Plan is a private sector-led Policy and Action Plan that seeks to enable a circular economy for the environmentally sustainable use and recycling of plastics in Kenya.

KAM, Coca Cola Beverages Africa and Junky Bins partner to promote sustainable waste management



KAM, Junky Bins, Coca Cola sign MoU

KAM, Coca-Cola Beverages Africa, and Junky Bins signed an MoU that seeks to provide a framework for collaboration and cooperation in bins placement and the creation of an integrated plastics collection-recycling model.

This partnership is part of our wider initiative to create awareness, influence behavior change, and drive towards creating an economical, most efficient, and sustainable recycling system across the country.

It is in line with the National Sustainable Waste Management Act, 2022 which gave an anchor law to the Extended Producer Responsibility (EPR) draft Regulations, 2021 that are awaiting gazettement by the Ministry of Environment and Forestry.

World Clean Up Day commemoration

KAM in partnership with Wildlife Clubs of Kenya, KCA University and Utalii College commemorated the World Clean Up Day at Still I Rise International School. During the session, the Association created awareness on the importance of proper waste management initiatives and called upon the youth to embrace sustainable waste management.

SKILLS DEVELOPMENT

TVET

Global Entrepreneurship Week



Participants follow proceedings during the Global Entrepreneurship Week

KAM, through the support of German Development Corporation participated in the Global Entrepreneurship Week from 14th – 20th November 2022.

The Global Entrepreneurship Week, commemorated in November each year, celebrates entrepreneurs as job creators and innovators while encouraging them to share their successes and lessons while networking with others.

In line with this, KAM hosted forums in Nyeri, Meru and Mombasa where various stakeholders mentored young people on, among others, how to start and run a business, start-up capital, and regulatory procedures required to run a business.

KAM Job Summit

The Association, in partnership with the German Development Corporation hosted the 2022 Job Summit themed Driving manufacturing growth through sustainable skills development.

The Summit, held during Changamka Shopping Festival, brought together youth, manufacturers, technical training institutes, Government and development partners. It provided a platform for stakeholders to create communities of learning and share good practices as well as identify advocacy and policy areas on meaningful and decent work.

Speaking during the forum, Cabinet Secretary, Ministry of Youth Affairs, Sports and the Arts Hon. Ababu Namwamba urged development partners to support skills development initiatives.

The Summit is an initiative under the Association's TVET Program, which we have implemented since 2017. The program links the KAM Members to skilled technical labour from technical training institutions with considerable successes and learnings.



Mentoring young women in manufacturing



KAM commemorates World MHM Day at St Kizito, which also consisted of a mentorship forum for TVET students

In partnership with the KAM Women in Manufacturing Programme, the TVET Programme hosted mentorship session for young women undertaking technical courses at St Kizito Vocational Training Institute and Technical University of Mombasa.

The sessions focused on the opportunities that manufacturing presents to women within the space. It also highlighted some of the initiatives that manufacturers are putting in place to encourage more women into the space including Menstrual Health Management in the Workplace.

Industry exchange visits

KAM conducted industry visits for technical institution trainers in Nairobi, Machakos, Kiambu, Meru, Nyeri, Mombasa, Eldoret and Kisumu across various manufacturing sectors.

The visits provided trainers with opportunities for practical industry exposure, interact with industry experts for knowledge sharing, see machinery within industry and link this to their in-classroom training. KAM continues to engage with the Kenya Technical Training Institute to provide practical industry exposure to the trainers as part of their career progression.

Job bazaars

KAM held job bazaars in Nairobi, Mombasa, Kiambu and Eldoret where young people were trained on soft skills and work readiness to better interact with industry. The bazaars also provided the youth with a platform to be interviewed and receive offers from various industries for industry experience, and jobs.

KAM members continue to provide in-company training opportunities, paid internships and jobs for young people through industry matching jobs bazaars. Job bazaars have been identified as highly successful in matching talent to the labour market and providing feedback on skills to training institutions.

Manufacturing Academy

Driving manufacturing excellence

KAM through the Manufacturing Academy has continued to drive the execution of high-quality manufacturing practices guaranteed to enhance productivity and personal growth.

The Association has engaged members through physical and online training. This includes 20 open house trainings (15 physical and five online) and two in-house trainings through which more than 480 people were trained.

Partnership to accelerate Kenya's digital transformation



Officials from Kenya Association of Manufacturers and Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS) during the MoU signing ceremony

KAM partnered with Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS) to drive automation and digital transformation of Kenya's manufacturing sector. The partnership is supported by the Ministry of Economy Trade and Industry (METI) – Japan.

Through the partnership, KAM and AOTS shall enhance business ties between KAM Members and Japanese companies and encourage the uptake of the Kaizen culture and shift towards lean automation, using tools such as the Internet of Things (IOTs) and Artificial Intelligence (AI).

Specifically, KAM is conducting a feasibility study to identify challenges, gaps and opportunities for automation/digital transformation for productivity enhancement. We are currently undertaking the second feasibility study following the conclusion of the first feasibility study. The findings shall guide the improvement of the manufacturing process, competitiveness, productivity, quality, automation of industries and development of a new curriculum for the KAM Manufacturing Academy.

KAM, Sainath Institute to drive textile industry excellence

The Association inked an MOU with Sainath Education Institute to jointly address skills gap within the Textiles and Apparel Sector.

Under the Memorandum of Understanding, the two organizations shall jointly work together to improve the skills and employability of youth, women and persons living with disabilities within the manufacturing space. The organizations shall collaborate to enhance the productivity of the sector's workforce, create a pool of multiskilled employees within the sector and nurture skills that can be used by trainees to support their own enterprises.



INCLUSIVITY

Women in Manufacturing

Women In Manufacturing Gala Dinner



The Women in Manufacturing Gala Dinner, 2022

The Association hosted the Women in Manufacturing Gala Dinner 2022, which brought together women industrialists and an international guest - COMESA General Secretary, Ms Chileshe Mpundu Kapwepwe.

The Gala Dinner was themed 'Make space for the next generation of young women in manufacturing'. It provided a platform to celebrate young women and girls who have broken biases and stereotypes. It also raised awareness on biases hindering women from thriving in manufacturing and how to break them, and interventions that are needed to help young women and girls envision their future in the sector.

Knowledge forums and visits

The Association hosted three virtual knowledge forums for women in manufacturing. The forums focusing on how women can holistically adopt Environment, Social and Governance strategies in their operations, take advantage of the Africa Continental Free Trade Area (AFCFTA) market and position themselves through digital media during the festive session.

Menstrual health management in the workplace



Beecare Apiaries receives the overall winner award during the SME Innovation Awards

KAM hosted 30 participants at Thika Cloth Mills who got insights on the importance of Menstrual Health Management at the workplace. The organization is one of the companies piloted to undertake a study on the benefits of improving menstrual health and hygiene in the workplace, for women workers and the enterprises that employ them.

To also promote menstrual hygiene, KAM commemorated the Menstrual Hygiene Day by engaging TVET students from St Kizito Vocational Training Institute, as part of efforts towards addressing Menstrual Health Management (MHM) related barriers and health inequity for young women.



SME Development

SME Innovation Programme



Beecare Apiaries receives the overall winner award during the SME Innovation Awards

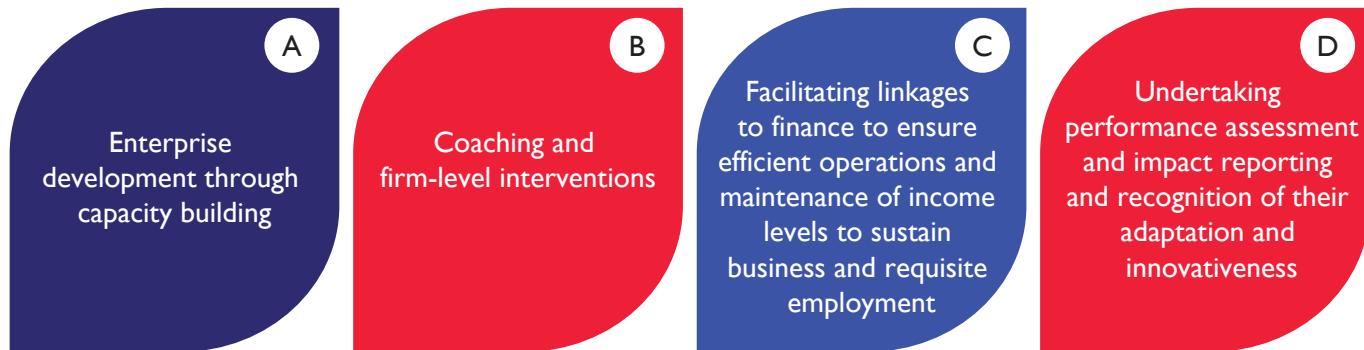
Earlier this year, KAM in partnership with the GIZ Program for Promotion of Self Employment and Entrepreneurship in Kenya embarked on a capacity-building program for Manufacturing SMEs.

The program sought to enhance SMEs' capacity to develop innovative solutions to enable them to survive economic shocks and enhance their productivity. The Association conducted a comprehensive recruitment campaign which attracted 236 applicants.

Guided by specified criteria based on turnover, age of the enterprise and Government product certification, among others, KAM shortlisted 50 companies to participate in the program.

The companies were drawn from 10 manufacturing sectors, as follows: Chemical and Allied, Agro-processing, Food & Beverage, Metal & Allied, Textile and Apparel, Paper & Paperboard, Leather & Footwear, Plastic & Rubber, Pharmaceutical, Timber Sector.

Some of the interventions offered included:



We hosted the SME Innovation Awards during the Manufacturing 20 by 30 High Level Summit, which was graced by His Excellency the President of the Republic of Kenya, Dr William Ruto CGH.

SME regulatory boot camp

The Association hosted a bootcamp on regulatory overreach for manufacturing Small and Medium Enterprises (SMEs). The bootcamp provided Manufacturing SMEs with a platform to highlight the regulatory challenges they face. It also provided SMEs with an opportunity to engage various regulatory bodies to enhance their regulatory compliance levels.

Good corporate governance and ethical leadership

The KAM Manufacturing SME Hub partnered with the Global Compact Network Kenya to enhance good corporate governance and ethical leadership among manufacturing SMEs.

The workshop provided SMEs with insights on concepts and pillars of corporate governance and strategic leadership. It also demonstrated ways to strengthen the alignment of corporate citizenship and social accountability with anti-corruption policy and compliance frameworks as well as how to enhance organizational culture of ethics and excellence.

Knowledge exchange forums and visits

The KAM Manufacturing SME Hub conducted various study tours where manufacturing SMEs were taken through subcontracting opportunities and operational excellence in practice. Among the companies visited include United Aryan EPZ, Bee-Care Apiaries, Numerical Machine Complex and Mace Foods.

Board of Advisors Program

The Association continued to link manufacturing SMEs with an advisory board that provides non-binding strategic advice to their businesses, through the Board of Advisors Program.

SMEs often have a simple structure at the top, due to lack of separation between ownership and control. The Board of Advisors Program hence seeks to drive corporate governance by separating the two, through strategic management, leading to improved firm-level competitiveness

The Board consists of accomplished experts, who offer innovative advice and dynamic perspectives.

SME Mentorship Programme

KAM continued to link MSMEs with industry experts for mentorship through the SME Mentorship Program.

The industry experts offer mentorship to SMEs on the following areas:



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